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STATE FOR PM/DTTC - BLUE LANTERN COORDINATOR

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [IN](#) [IS](#)
SUBJECT: RESPONSE TO BLUE LANTERN POST-SHIPMENT CHECK ON
LICENSE 050109444

REF: STATE 28191

¶1. (SBU) Summary: Representatives of Scope Metals Group, Ltd., acknowledged contact by Indian company Sudarrshan Technical Services regarding the provision of stud nuts to the Indian Air Force. According to Scope Metals General Counsel Stanley Frisch and Exports Department Chief Efrat Benjamin, their company did not have the stud nuts in supply, and contacted U.S. company ISO Group, Inc., as a possible foreign intermediate consignee. Frisch and Benjamin said Scope Metals was subsequently "bypassed" as the U.S. and Indian companies chose to do business with each other directly. They explained that Scope Metals Group has not paid or received any fee or commission regarding the transfer, and therefore contend that Scope Metals Group should not appear on the export license. Frisch and Benjamin confirmed that Scope Metals Group does not maintain any offices in Bangalore. Polmiloff and Foreign Commercial Service (FCS) senior commercial specialist visited Scope Metals Group, Ltd., on April 30. End summary.

¶2. (SBU) Polmiloff and FCS senior commercial specialist visited Scope Metals Group's headquarters and industry/warehouse complex in Bene Ayish (approximately 45 minutes south of Tel Aviv) on April 30. According to Frisch, Scope Metals Group employs approximately 650 persons -- 400 in Israel and the rest at locations around the world, including China, the Czech Republic, Romania, and six branches in the United States. Frisch said the company made approximately 1.3 billion shekels in sales for 2008, 35 percent of which was derived from business outside Israel (12 percent from exports; 23 percent from foreign subsidiaries). Frisch said until 1998, Scope Metals Group remained a relatively small company of approximately 50 employees, but has grown steadily since. He acknowledged that the company will likely cut back some due to the recent economic crisis, but not in a significant fashion.

¶3. (SBU) Benjamin said Scope Metals Group had been contacted by Indian company Sudarrshan Technical Services in April 2008 regarding the provision of stud nuts to the Indian Air Force. Scope Metals Group did not possess the stud nuts in supply, and therefore contacted U.S. company ISO in May 2008 as a possible foreign intermediate consignee. Benjamin explained that Scope Metals sent its purchase order to ISO while simultaneously pursuing an export license with Sudarrshan Technical Services in order to expedite the transaction. She provided as evidence copies of the original purchase order from Sudarrshan Technical Services to Scope Metals, the subsequent purchase order from Scope Metals to ISO, and an

unfinished export license from Scope Metals to Sudarrshan Technical Services. Benjamin said her company did not hear from either the U.S. or Indian companies for several months, and subsequently contacted ISO in August 2008 -- wherein Scope Metals Group learned that ISO had paid Sudarrshan Technical Services directly for the stud nuts.

¶4. (SBU) Benjamin and Frisch stated that Scope Metals Group had not paid or received any fee or commission for the transaction -- nor did Scope Metals ever retain any physical possession of the stud nuts. According to Benjamin and Frisch, Scope Metals contacted Sudarrshan Technical Services in September 2008 regarding a commission, but has not heard any further word from the Indian company other than the promise of "future business" with Scope Metals. Frisch speculated that Sudarrshan Technical Services received a "better deal" working directly with ISO, and cut Scope Metals out of the transaction. He added that Scope Metals will not pursue the issue of a commission any further with Sudarrshan Technical Services.

¶5. (SBU) That said, Frisch and Benjamin contend that Scope Metals Group should not appear on the export license between ISO and Sudarrshan Technical Services. They confirmed that Scope Metals does not maintain any offices in Bangalore, and speculated that whoever had added Scope Metals to the export license between ISO and Sudarrshan Technical Services likely made a mistake. Given the fact that Scope Metals had pursued an export license with Sudarrshan Technical Services, Frisch suggested it was plausible such an error might be made given the paperwork associated with the transaction. He noted that Scope Metals is well-versed in U.S. regulations governing the

import of U.S.-origin defense articles, including the restrictions on re-transfer and re-export. As such, Scope Metals Group would appreciate an explanation why it was included on the export license, Frisch added.

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